



Monday
November 9, 1998

Part LVIII

Federal Reserve System

Semiannual Regulatory Agenda

FEDERAL RESERVE SYSTEM (FRS)

FEDERAL RESERVE SYSTEM

12 CFR Ch. II

Semiannual Regulatory Flexibility Agenda

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Semiannual regulatory agenda.

SUMMARY: The Board is issuing this agenda under the Regulatory Flexibility Act and the Board's Statement of Policy Regarding Expanded Rulemaking Procedures. The Board anticipates having under consideration regulatory matters as indicated below during the period October 1, 1998, through April 1, 1999. The next agenda will be published in April 1999.

DATES: Comments about the form or content of the agenda may be submitted any time during the next 6 months.

ADDRESSES: Comments should be addressed to Jennifer J. Johnson, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, DC 20551.

FOR FURTHER INFORMATION CONTACT: A staff contact for each item is indicated with the regulatory description below.

SUPPLEMENTARY INFORMATION: The Board is publishing its October 1998 agenda as part of the October 1998 Unified Agenda of Federal Regulatory and Deregulatory Actions, which is coordinated by the Office of Management and Budget under Executive Order 12866. The agenda also identifies rules the Board has selected for review under section 610(c) of the Regulatory Flexibility Act, and public comment is invited on those entries.

Participation by the Board in the Unified Agenda is on a voluntary basis.

The Board's agenda is divided into three sections. The first, Proposed Rule Stage, reports on matters the Board may consider for public comment during the next 6 months. The second section, Final Rule Stage, reports on matters that have been proposed and are under Board consideration. A third section, Completed Actions, reports on regulatory matters the Board has completed or is not expected to consider further. Matters begun and completed between issues of the agenda have not been included.

A dot (•) preceding an entry indicates a new matter that was not a part of the Board's previous agenda and which the Board has not completed.

Barbara R. Lowrey,
Associate Secretary of the Board.

Proposed Rule Stage

Sequence Number	Title	Regulation Identifier Number
4505	Regulation: B—Equal Credit Opportunity (Docket Number: R-1008)(Section 610 Review)	7100-AC54
4506	Regulation: C—Home Mortgage Disclosure (Docket Number: R-1001)	7100-AC51
4507	Regulation: J—Collection of Checks and Other Items by Federal Reserve Banks; and Regulation: CC—Availability of Funds and Collection of Checks (Docket Number: R-1009)	7100-AC50
4508	Regulation: T—Credit by Brokers and Dealers; Regulation: U—Credit by Banks; and Regulation: X—Borrowers of Securities Credit (Docket Number: R-0995)	7100-AC45
4509	Section 303 Regulatory Review (Section 610 Review)	7100-AC09

Final Rule Stage

Sequence Number	Title	Regulation Identifier Number
4510	Regulation: B—Equal Credit Opportunity; and Regulation: Z—Truth in Lending (Docket Numbers: R-1006 and R-1005)	7100-AC46
4511	Regulation: D—Reserve Requirements of Depository Institutions (Docket Number: R-0956)	7100-AC11
4512	Regulation: E—Electronic Fund Transfers (Docket Numbers: R-0919 and R-1002)	7100-AC06
4513	Regulation: E—Electronic Fund Transfers (Docket Number: R-1007)	7100-AC55
4514	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0950)	7100-AC14
4515	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0930)	7100-AC13
4516	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket No: R-0947 & R-0948)	7100-AC29
4517	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0982)	7100-AC39
4518	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0985)	7100-AB77
4519	Regulation: K—International Banking Operations (Docket Number: R-0994)	7100-AC47
4520	Regulation: L—Management Official Interlocks (Docket Number: R-1013)	7100-AC56
4521	Regulation: M—Consumer Leasing (Docket Number: R-1004)	7100-AC53
4522	Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0990)	7100-AC49
4523	Regulation: DD—Truth in Savings (Docket Number: R-1003)	7100-AC34

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Final Rule Stage (Continued)

Sequence Number	Title	Regulation Identifier Number
4524	Applicability of Sections 23A and 23B of the Federal Reserve Act to Transactions Between a Member Bank and Its Subsidiaries (Docket Number: R-0977)	7100-AC42
4525	Applicability of Section 23A to the Purchase of Securities From Certain Affiliates and to Loans and Extensions of Credit Made by a Member Bank to a Third Party (Docket Nos.: R-1015 & R-1016)	7100-AC52
4526	Rules Regarding Availability of Information (Docket Number: R-0917)	7100-AC22

Completed Actions

Sequence Number	Title	Regulation Identifier Number
4527	Regulation: B—Equal Credit Opportunity (Docket Number: R-0978)	7100-AC35
4528	Regulation: D—Reserve Requirements of Depository Institutions (Docket Number: R-0988)	7100-AC48
4529	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System (Docket Number: R-0964)	7100-AC37
4530	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control	7100-AB39
4531	Regulation: H—Membership of State Banking Institutions in the Federal Reserve System; and Regulation: Y—Bank Holding Companies and Change in Bank Control (Docket Number: R-0976)	7100-AC38
4532	Regulation: I—Issue and Cancellation of Capital Stock of Federal Reserve Banks (Docket Number: R-0966)	7100-AC40
4533	Regulation: DD—Truth in Savings (Docket Numbers: R-0836 and R-0869)	7100-AB80
4534	Policy Statement on Privately Operated Multilateral Settlement Systems (Docket Number: R-0987)	7100-AC44

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Proposed Rule Stage

4505. • REGULATION: B—EQUAL CREDIT OPPORTUNITY (DOCKET NUMBER: R-1008)(SECTION 610 REVIEW)**Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1691**CFR Citation:** 12 CFR 202**Legal Deadline:** None

Abstract: In March 1998, pursuant to requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, section 610(c) of the Regulatory Flexibility Act of 1994, and section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, the Board approved issuing for public comment an advance notice of proposed rulemaking for Regulation B (63 FR 12326, March 12, 1998) which implements the Equal Credit Opportunity Act (the ECOA). The ECOA makes it unlawful for creditors to discriminate against an applicant in any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, age, and other specified bases. The review

will determine whether Regulation B should be revised to address technological and other developments; better balance consumer protections and industry burden; and delete obsolete provisions. To gather information necessary for this review and to ensure the participation of interested parties, the Board solicited comment on several specific issues, including preapplication marketing practices, inquiry versus application, data collection for nonmortgage credit products, and creditor liability. The Board also solicited comment generally on potential revisions to the regulation.

Following review of the public comments, the Board is expected to issue a proposed rule within the next six months. Specific proposals will take into account the economic impact on small entities subject to the Board's regulation.

Timetable:

Action	Date	FR Cite
Board requested comment	03/12/98	63 FR 12326

Action	Date	FR Cite
Further Board action by	02/00/99	
Regulatory Flexibility Analysis Required: Undetermined		
Government Levels Affected: None		
Agency Contact: Natalie E. Taylor, Staff Attorney, Federal Reserve System, Division of Consumer and Community Affairs Phone: 202 452-2412		
RIN: 7100-AC54		

4506. • REGULATION: C—HOME MORTGAGE DISCLOSURE (DOCKET NUMBER: R-1001)**Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 2801**CFR Citation:** 12 CFR 203**Legal Deadline:** None

Abstract: In March 1998, pursuant to requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 and section 2222 of the Economic

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Growth and Regulatory Paperwork Reduction Act of 1996, the Board approved issuing for public comment an advance notice of proposed rulemaking for Regulation C which implements the Home Mortgage Disclosure Act (HMDA) (63 FR 12329, March 12, 1998). Regulation C requires most mortgage lenders located in metropolitan statistical areas to report annually to Federal agencies and disclose to the public information about their home purchase and home improvement lending activity. The review will determine whether Regulation C should be revised to address technological and other developments; better balance consumer protections and industry burden; and delete obsolete provisions. To gather information necessary for this review and to ensure the participation of interested parties, the Board is soliciting comment on several specific issues, while also soliciting comment generally on potential revisions to the regulation.

It is not anticipated that any proposed notice of rulemaking will have a significant economic impact on a substantial number of small entities subject to the Board's regulation. Following review of the public comments, the Board is expected to take further action by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	03/12/98	63 FR 12329
Further Board action by	12/00/98	

Regulatory Flexibility Analysis Required: Undetermined

Government Levels Affected: None

Agency Contact: Jane Jensen Gell, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-3667

RIN: 7100-AC51

4507. • REGULATION: J—COLLECTION OF CHECKS AND OTHER ITEMS BY FEDERAL RESERVE BANKS; AND REGULATION: CC—AVAILABILITY OF FUNDS AND COLLECTION OF CHECKS (DOCKET NUMBER: R-1009)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 248(i); 12 USC 248(j); 12 USC 248(o); 12 USC 342; 12 USC 360; 12 USC 464; 12 USC 4001 et seq

CFR Citation: 12 CFR 210; 12 CFR 229

Legal Deadline: None

Abstract: In March 1998, the Board approved issuing for public comment an advance notice of proposed rulemaking regarding the benefits and drawbacks associated with the provisions of Regulation CC that require a paying bank to settle with a presenting bank for checks on the same day the checks are presented, as long as the checks are presented by 8:00 a.m. local time at specified locations (63 FR 12700, March 16, 1998). The Board also requested comment on the effects of additional changes to Regulations J and CC to reduce the legal disparities between the Federal Reserve Banks and private-sector banks in the presentment and settlement of checks. The objective of such rule changes would be to promote competition in check collection services, which should promote efficiencies and spur innovation.

It is not anticipated that any proposed notice of rulemaking will have a significant economic impact on small institutions. Following review of the public comments, the Board is expected to take further action by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	03/16/98	63 FR 12700
Further Board action by	12/00/98	

Regulatory Flexibility Analysis Required: Undetermined

Government Levels Affected: None

Agency Contact: Stephanie Martin, Senior Counsel, Federal Reserve System, Legal Division
Phone: 202 452-3198

RIN: 7100-AC50

4508. REGULATION: T—CREDIT BY BROKERS AND DEALERS; REGULATION: U—CREDIT BY BANKS; AND REGULATION: X—BORROWERS OF SECURITIES CREDIT (DOCKET NUMBER: R-0995)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 78G, Securities Exchange Act of 1934, as amended

CFR Citation: 12 CFR 220; 12 CFR 221; 12 CFR 224

Legal Deadline: None

Abstract: As part of the regular review of its regulations and in accordance with requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 and section 610(c) of the Regulatory Flexibility Act of 1994, the Board is conducting a review of its margin regulations. In order to complete this review, the Board approved issuing for public comment an advance notice of proposed rulemaking and request for comment in December 1997 (63 FR 2840, January 16, 1998). The advance notice highlights issues raised by commenters in response to previous requests for comment that had not been addressed by the Board in the course of its periodic review. It also provides an opportunity to further harmonize the treatment of bank and nonbank lenders under the revised Regulation U adopted by the Board at the same time as the advance notice. The advance notice also invites comment on all areas of the regulations.

Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	01/16/98	63 FR 2840
Further Board action by	10/00/98	

Regulatory Flexibility Analysis Required: Undetermined

Government Levels Affected: None

Agency Contact: Scott Holz, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-2966

RIN: 7100-AC45

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4509. SECTION 303 REGULATORY REVIEW (SECTION 610 REVIEW)**Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 4803(a)(1); 5 USC 610**CFR Citation:** 12 CFR ch II**Legal Deadline:**

Other, Statutory, September 23, 1996, Progress Report due to Congress.

Abstract: In response to the requirements of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board is reviewing its regulations for purposes of streamlining, improving efficiency, reducing unnecessary costs, and removing inconsistencies and outmoded/duplicative requirements. The Board is also working jointly with the other banking agencies to make

uniform regulations and guidelines implementing common statutory and supervisory policies. A regulatory review timetable was published in the Federal Register in October 1995 (60 FR 53546 October 16, 1995). A progress report was sent to the Congress in September 1996.

Items below indicated with an asterisk are also being reviewed by the Board in accordance with the periodic review requirements of section 610(c) of the Regulatory Flexibility Act.

Within the next twelve months, it is expected that the Board will seek public comment during the course of the reviews of the following regulations/policy statements/other regulatory guidance. Reviews already proposed for public comment appear elsewhere in the Agenda.

Regulations H and Y, Appendices, Capital Adequacy Guidelines.

*Regulation Z, Truth in Lending.

*Regulation DD, Truth in Savings.

Timetable:

Action	Date	FR Cite
Board action expected during the next twelve months	09/00/99	

Regulatory Flexibility Analysis Required: Undetermined

Government Levels Affected: None

Agency Contact: Barbara R. Lowrey, Associate Secretary, Federal Reserve System, Office of the Secretary
Phone: 202 452-3742

RIN: 7100-AC09

FEDERAL RESERVE SYSTEM (FRS)

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4510. REGULATION: B—EQUAL CREDIT OPPORTUNITY; AND REGULATION: Z—TRUTH IN LENDING (DOCKET NUMBERS: R-1006 AND R-1005)**Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1601 et seq; 12 USC 4301 et seq**CFR Citation:** 12 CFR 202; 12 CFR 213; 12 CFR 226; 12 CFR 230**Legal Deadline:** None

Abstract: In March 1998, the Board issued for public comment proposals to amend its consumer regulations, B (Equal Credit Opportunity), and Z (Truth in Lending), to permit electronic communications to substitute generally for oral or written disclosures, documentation, and notices required under the individual regulations (63 FR 14548, March 25, 1998). Comment was also requested on similar amendments to Regulations M (Consumer Leasing) and DD (Truth in Savings) described in separate entries in the Agenda (see Docket Numbers R-1004 and R-1003). At the same time, similar amendments to Regulation E, proposed as part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, were adopted as an interim rule (Docket Number: R-0919; RIN: 7100-AC06). The Board identified the use of

electronic communication between consumers and financial institutions as an area that offered an opportunity to reduce regulatory compliance burden without adversely affecting consumer protections.

It is not expected that the proposals would have a significant economic impact on small institutions. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	03/25/98	63 FR 14548
Further Board action by	10/00/98	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Michael Hentrel, Attorney, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-2412

RIN: 7100-AC46

4511. REGULATION: D—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (DOCKET NUMBER: R-0956)**Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 248(a); 12 USC 248(c); 12 USC 371a; 12 USC 461; 12 USC 601; 12 USC 611; 12 USC 3105**CFR Citation:** 12 CFR 208**Legal Deadline:** None

Abstract: In December 1996, the Board issued for public comment a proposed rule that would revise and clarify the definition of "savings deposit" consistent with comments received in connection with the Board's June 1996 proposal to simplify Regulation D. The proposal would also make conforming changes to the definition of "transaction account" (61 FR 96054, December 31, 1996). No substantive change in the regulation is intended. It is not expected that the proposal will have a significant adverse impact upon a substantial number of small entities. Following review of the public comments, the Board is expected to take further action during the next year.

Timetable:

Action	Date	FR Cite
Board requested comment	12/31/96	61 FR 69054
Further Board action by	07/00/99	

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Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None**Agency Contact:** Rick Heyke, Staff Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3688**RIN:** 7100-AC11**4512. REGULATION: E—ELECTRONIC FUND TRANSFERS (DOCKET NUMBERS: R-0919 AND R-1002)****Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1693 et seq**CFR Citation:** 12 CFR 205**Legal Deadline:** None

Abstract: In May 1996, the Board issued for public comment proposed amendments to Regulation E imposing modified requirements on stored-value products in systems that track individual transactions, cards, or consumers and providing an exemption for cards on which a maximum value of \$100 can be stored (Docket No. R-0919; 61 FR 19696, May 2, 1996).

The Board also proposed extending the error resolution time limits for new accounts and permitting electronic communications to substitute generally for oral or written disclosures documentation, and notices required under Regulation E.

The proposals are part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 and section 610(c) of the Regulatory Flexibility Act of 1994. It is not expected that the proposals would have a significant economic impact on small institutions.

In March 1998, following review of the public comments, the Board issued an interim rule, with request for comments, to permit electronic communications to substitute for disclosures, documentation, and notices under regulation E (Docket No. R-1002; 63 FR 14528, March 25, 1998). It is anticipated that the Board will take further action on the electronic communications rule, as well as on the new account proposal, within the next two months. Action on the stored-value card amendment is expected by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	05/02/96	61 FR 19696
Board adopted interim rule	03/25/98	63 FR 14528
Further Board action by	10/00/98	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None**Agency Contact:** John C. Wood, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-2412**RIN:** 7100-AC06**4513. • REGULATION: E—ELECTRONIC FUND TRANSFERS (DOCKET NUMBER: R-1007)****Priority:** Substantive, Nonsignificant**Legal Authority:** 15 USC 1693 et seq**CFR Citation:** 12 CFR 205**Legal Deadline:** None

Abstract: In March 1998, the Board issued for public comment proposed amendments to Regulation E to eliminate the extended time periods for investigating error claims involving point-of-sale (POS) debit card and foreign-initiated electronic fund transfers (63 FR 14555, March 25, 1998). Under Regulation E, financial institutions generally have 10 business days to provisionally credit an account and up to 45 calendar days to complete an investigation of a claimed error involving an electronic fund transfer to or from a consumer account. For POS and foreign transactions, institutions have up to 20 business days to provisionally credit an account and up to 90 calendar days to complete the investigation. The proposed rule also contains a technical amendment to a model form.

It is not expected that the proposals will have a significant economic impact on a substantial number of small institutions. It is anticipated that the Board will take further action on the proposals within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	03/25/98	63 FR 14555
Further Board action by	10/00/98	

Regulatory Flexibility Analysis**Required:** No**Small Entities Affected:** Businesses**Government Levels Affected:** None**Agency Contact:** John C. Wood, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-2412**RIN:** 7100-AC55**4514. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-0950)****Priority:** Substantive, Nonsignificant**Legal Authority:** 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; 12 USC 1831p-1; ...**CFR Citation:** 12 CFR 208**Legal Deadline:** None

Abstract: In December 1996, the Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency jointly published for comment a proposed regulation establishing a professional qualification program for banks that engage in retail recommendations and sales of certain securities using their own employees (61 FR 68824, December 30, 1996). The proposed regulation will establish qualification testing registration, and continuing education requirements for bank employees that act in the capacity of bank securities representatives. The proposed requirements will be based on the professional qualification rules of the securities self-regulatory organizations. It is not anticipated that the proposal will have a significant economic impact on a substantial number of small banks.

Following review of the public comments and coordination with the other agencies, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	12/30/96	61 FR 68824
Further Board action by	10/00/98	

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Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None

Agency Contact: Angela Desmond, Senior Counsel, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-3497

RIN: 7100-AC14

4515. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0930)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831(o); 12 USC 1831p-1; 12 USC 3105; ...

CFR Citation: 12 CFR 208 app A**Legal Deadline:** None

Abstract: In August 1996, the Board issued for public comment a proposal to revise the risk-based capital treatment for certain collateralized transactions (61 FR 42565, August 16, 1996). Under the Board's existing risk-based capital treatment, the portion of a transaction that is supported by qualifying collateral (that is, cash or OECD government securities) is risk-weighted at 20 percent. Transactions that are fully supported by collateral with a positive margin may be eligible for a zero percent risk weight. Generally, the proposal would permit a portion of a transaction that is fully supported with a positive margin of collateral to be eligible for a zero percent risk weight. The portion that is to be continuously collateralized must be specified by the parties.

This proposal was developed on an interagency basis and, if adopted, would eliminate one of the substantive differences among the agencies with regard to the risk-based capital treatment for collateralized transactions. It would implement part of the Riegle Community Development and Regulatory Improvement Act of 1994, which requires the agencies to make uniform regulations and guidelines implementing common

supervisory policies. The effect of the proposal would be to allow institutions to hold less capital for certain collateralized transactions. It is not expected to have a significant economic impact on a substantial number of small entities.

Following review of the public comments, the Board is expected to take further action by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	08/16/96	61 FR 42565
Further Board action by	12/00/98	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None

Agency Contact: John Connolly, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-3621

RIN: 7100-AC13

4516. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NO: R-0947 & R-0948)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; 12 USC 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; ...

CFR Citation: 12 CFR 208 app A; 12 CFR 208 app B; 12 CFR 225 app A; 12 CFR 225 app D

Legal Deadline: None

Abstract: In October 1997, the Board issued for public comment proposals to revise the Federal Reserve's risk-based capital treatment for junior liens on 1- to 4-family residential properties and for investments in mutual funds (62 FR 55686, October 27, 1997). The proposals also simplify the Federal Reserve's leverage capital guidelines for banks and make the leverage capital guidelines for bank holding companies consistent with the definition of a well-capitalized bank holding company for expedited applications purposes.

The proposals were issued on an interagency basis as part of the efforts under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 to make interagency guidelines uniform. In June 1998, following review of the public comments, the Board adopted the proposed revisions to the bank holding company leverage ratio (63 FR 30369, June 4, 1998). Action by the Board and other agencies on the proposals for banks and thrifts is expected within the next two months. The proposed changes will not have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

Timetable:

Action	Date	FR Cite
Board requested comment	10/27/97	62 FR 55686
Board adopted bank holding company proposal	06/04/98	63 FR 30369
Further Board action by	10/00/98	

Regulatory Flexibility Analysis**Required:** No**Government Levels Affected:** None

Agency Contact: Kirk Odegard, Senior Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 530-6225

RIN: 7100-AC29

4517. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0982)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; 12 USC 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831o; ...

CFR Citation: 12 CFR 208 app A; 12 CFR 225 app A

Legal Deadline: None

Abstract: In October 1997, as part of a joint interagency proposal, the Board requested public comment on revisions to the Federal Reserve's risk-based capital guidelines to permit certain

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reevaluation gains on equity securities in Tier 2 capital (62 FR 55682, October 27, 1997). Under the proposal an institution would be permitted to include in Tier 2 capital up to 45 percent of its unrealized revaluation gains on prudently valued equity securities. This treatment is consistent with the Basel Accord.

Following review of the public comments, the Board is expected to take further action within the next two months. It is not expected that the proposal, if adopted as a final rule, would have a significant economic impact on a substantial number of small entities subject to the Board's regulation.

Timetable:

Action	Date	FR Cite
Board requested comment	10/27/97	62 FR 55682
Further Board action by	10/00/98	

Regulatory Flexibility Analysis Required: No**Government Levels Affected:** None

Agency Contact: Barbara Bouchard, Manager, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-3072

RIN: 7100-AC39

4518. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0985)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1817(j)(13); 12 USC 1818; 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831i

CFR Citation: 12 CFR 208 app A; 12 CFR 225 app A

Legal Deadline: None

Abstract: In May 1994, the Board issued for public comment two proposals on the capital treatment of recourse arrangements and direct credit substitutes. The first proposal: (1) formally defines recourse and direct credit substitutes; (2) reduces the risk-

based capital charge for low-level recourse arrangements to the maximum amount of possible loss under the recourse obligation up to the effective capital charge; and (3) requires the same risk-based capital charge for first-loss direct credit substitutes as is currently applied to recourse transactions (59 FR 27115, May 25, 1994). The second proposal, an advance notice of proposed rulemaking, sought public comment on an approach to assessing risk-based capital on banking organizations' risk exposures associated with certain asset securitizations. Under this approach, the capital charge would be based upon the relative risk of loss.

Subsequent to the issuance of this proposal, the Board issued a regulation limiting the amount of risk-based capital an insured depository institution is required to hold for assets transferred with recourse to the maximum amount of recourse for which the institution is contractually liable (60 FR 8177, February 13, 1995).

In November 1997, the Board requested public comment on a revised proposal that sets forth the definitions and capital treatments discussed above (62 FR 59944, November 5, 1997). In addition, the proposal requests comment on several alternative approaches to assessing capital against asset securitizations including the use of internal bank information.

Small entities would be affected by the final rule and the two proposals only to the extent that they engage in extending recourse arrangements and direct credit substitutes or purchasing asset-backed securities. It is not expected that the proposals will have a significant economic impact on small institutions. Following review of the public comments, the Board is expected to take further action by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	05/25/94	59 FR 27115
Board adopted one aspect of the proposal	02/13/95	60 FR 8177
Board requested comment	11/05/97	62 FR 59944
Further Board action by	12/00/98	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Thomas R. Boemio, Senior Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2982

RIN: 7100-AB77

4519. REGULATION: K—INTERNATIONAL BANKING OPERATIONS (DOCKET NUMBER: R-0994)

Priority: Substantive, Nonsignificant. Major under 5 USC 801.

Legal Authority: 12 USC 221 et seq; 12 USC 248(i); 12 USC 248(k); 12 USC 1818; 12 USC 1835a; 12 USC 1841 et seq; 12 USC 3101 et seq; 12 USC 3109 et seq

CFR Citation: 12 CFR 211

Legal Deadline: None

Abstract: In December 1997, consistent with section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the International Banking Act of 1978, and section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, the Board reviewed and proposed for public comment a number of changes to Regulation K which governs international banking operations (62 FR 68424 December 31, 1997). Subpart A of Regulation K governs the foreign investments and activities of all member banks. The proposed amendments include streamlined foreign branching procedures for U.S. banking organizations, authorization of expanded activities in foreign branches of U.S. banks, and expansion of the authority of U.S. banking organizations to engage in equity dealing and underwriting and to make venture capital investments outside the United States. Subpart B of Regulation K governs the U.S. activities of foreign banking organizations. The proposed amendments include revisions aimed at streamlining the applications procedures applicable to foreign banks seeking to expand operations in the United States, changes to provisions regarding the qualification of certain foreign banking organizations for exemption from the nonbanking prohibitions of section 4 of the Bank Holding Company Act, and implementation of provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 that affect foreign banks. In addition, a

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number of technical and clarifying amendments to subparts A and B, as well as to subpart C which governs export trading companies, and certain amendments to the Board's Rules Regarding Delegation of Authority have been proposed.

The proposed amendments are not expected to have a significant economic impact on a substantial number of small entities. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	12/31/97	62 FR 68424
Further Board action by	10/00/98	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Kathleen M. O'Day, Associate General Counsel, Federal Reserve System, Legal Division
Phone: 202 452-3786

RIN: 7100-AC47

4520. • REGULATION: L—MANAGEMENT OFFICIAL INTERLOCKS (DOCKET NUMBER: R-1013)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 3201 et seq

CFR Citation: 12 CFR 212

Legal Deadline: None

Abstract: In August 1998, the Board, along with the other Federal depository institution regulatory agencies, approved issuing for public comment a proposal to amend regulations, including the Board's Regulation L, governing depository institution management interlocks to reflect certain statutory changes (63 FR 43051, August 11, 1998). In addition to implementing these statutory changes, the agencies also proposed a small market share exemption for institutions that, on a combined basis, control less than 20 percent of the deposits in a community or relevant metropolitan statistical area. The exemption is intended to enlarge the pool of management talent upon which depository institutions may draw and thereby enhance the competitiveness of these institutions.

It is not anticipated that the proposal will have a significant impact on a substantial number of small entities subject to the Board's regulation. Following review of the public comments, the Board is expected to take further action within the next six months.

Timetable:

Action	Date	FR Cite
Board requested comment	08/11/98	63 FR 43051
Further Board action by	02/00/99	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Thomas Corsi, Senior Counsel, Federal Reserve System, Legal Division
Phone: 202 452-3275

RIN: 7100-AC56

4521. • REGULATION: M—CONSUMER LEASING (DOCKET NUMBER: R-1004)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1667

CFR Citation: 12 CFR 213

Legal Deadline: None

Abstract: As part of the Board's overall review of its regulations under section 610(c) of the Regulatory Flexibility Act of 1994 and section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board determined that the use of electronic communications to deliver information to consumers that is required by Federal consumer financial services and fair lending laws could effectively reduce regulatory compliance burden without adversely affecting consumer protections. In March 1998, the Board approved issuing for public comment a proposal to amend Regulation M that would allow lessors to deliver by electronic communication the disclosures required by the act and regulation, if the consumer agrees to such delivery (63 FR 14538, March 25, 1998). In addition, the proposal contains several technical amendments that would be made to the regulation and commentary.

It is not anticipated that the proposal will have any significant economic impact on small entities. The proposed rule would relieve compliance burden

and give lessors flexibility in providing disclosures. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	03/25/98	63 FR 14538
Further Board action by	10/00/98	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Obrea O. Poindexter, Staff Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-2412

RIN: 7100-AC53

4522. REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0990)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1817(j)(13); 12 USC 1818; 12 USC 1828o; 12 USC 1831i; 12 USC 1831p-1; 12 USC 1843(c)(8); 12 USC 1844(b); 12 USC 1972(1); 12 USC 3106; 12 USC 3108; 12 USC 3310; 12 USC 3331 to 3351; 12 USC 3907; 12 USC 3909

CFR Citation: 12 CFR 225

Legal Deadline: None

Abstract: In December 1997, the Board approved issuing for public comment a proposal to exempt any transaction involving the underwriting or dealing of mortgage-backed securities from the Board's appraisal requirements (62 FR 64997, December 9, 1997). This amendment would permit a nonbank subsidiary of a bank holding company engaged in underwriting and dealing in securities (a so-called section 20 subsidiary) to underwrite and deal in mortgage-backed securities without demonstrating that the loans underlying the securities are supported by appraisals that meet the Board's appraisal requirements. As the proposal notes, the Board believes the public rating or due diligence that the market requires for mortgage-backed securities provides information that is at least as sufficient for assessing risks as new appraisals for the underlying loans. The Board proposed this amendment to

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address concerns raised by bank holding companies regarding the inability of section 20 subsidiaries to actively participate in the commercial mortgage-backed securities market due to the appraisal restrictions of subpart G.

It is not anticipated that the proposal will have a significant economic impact on a substantial number of small entities subject to the Board's regulation. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	12/09/97	62 FR 64997
Further Board action by	10/00/98	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Mark E. Van Der Weide, Attorney, Federal Reserve System, Legal Division
Phone: 202 452-2263

RIN: 7100-AC49

4523. REGULATION: DD—TRUTH IN SAVINGS (DOCKET NUMBER: R-1003)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 4301 et seq

CFR Citation: 12 CFR 230

Legal Deadline: None

Abstract: Sections 261 to 275 of the Federal Deposit Insurance Corporation Improvement Act of 1991 require depository institutions to provide a schedule of terms, rates, and fees for deposit accounts offered by the institution. The law also sets forth rules for advertisements for deposit accounts.

In September 1996, the Congress amended the Truth in Savings Act as a part of the Economic Growth and Regulatory Paperwork Reduction Act of 1996. The amendments repeal the definition of "indoor lobby sign," eliminate any disclosure requirements for nonrenewing time accounts with terms less than 30 days, and exempt certain credit unions from coverage. In March 1998, the Board issued for public comment a proposal that would implement the statutory changes (63 FR 14533, March 25, 1998). The proposal would also allow depository

institutions to deliver by electronic communication disclosures required by the act and regulation, if the consumer agrees to such delivery.

It is not expected that there will be a significant economic impact on small institutions. Following review of the public comments, the Board is expected to take further action within the next two months.

Timetable:

Action	Date	FR Cite
Board requested comment	03/25/98	63 FR 14533
Further Board action by	10/00/98	

Regulatory Flexibility Analysis Required: No

Small Entities Affected: Businesses

Government Levels Affected: None

Agency Contact: Obrea O. Poindexter, Staff Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-2412

RIN: 7100-AC34

4524. APPLICABILITY OF SECTIONS 23A AND 23B OF THE FEDERAL RESERVE ACT TO TRANSACTIONS BETWEEN A MEMBER BANK AND ITS SUBSIDIARIES (DOCKET NUMBER: R-0977)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 371c(b)(1)(E)

CFR Citation: 12 CFR 250.243

Legal Deadline: None

Abstract: Sections 23A and 23B of the Federal Reserve Act restrict the ability of a member bank to fund an affiliate through direct investment, loans, or other transactions. In July 1997, the Board issued for public comment a proposal to apply sections 23A and 23B to transactions between a member bank and any subsidiary that engages in activities that are impermissible for the bank itself and that Congress has not previously exempted from coverage by section 23A (62 FR 37744, July 15, 1997). The proposed treatment is largely consistent with the existing treatment of these subsidiaries by the other banking agencies, which have applied sections 23A and 23B in some form to transactions between a bank and such subsidiaries. The issuance of the proposals will avoid the application of sections 23A and 23B on an ad hoc

basis by different agencies, which could result in confusion and inconsistencies.

The proposal is not expected to have a significant economic impact on a substantial number of small businesses. Following review of the public comments, the Board is expected to take further action during the next six months.

Timetable:

Action	Date	FR Cite
Board requested comment	07/15/97	62 FR 37744
Further Board action by	02/00/99	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: State, Federal

Agency Contact: Pamela G. Nardolilli, Senior Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3289

RIN: 7100-AC42

4525. • APPLICABILITY OF SECTION 23A TO THE PURCHASE OF SECURITIES FROM CERTAIN AFFILIATES AND TO LOANS AND EXTENSIONS OF CREDIT MADE BY A MEMBER BANK TO A THIRD PARTY (DOCKET NOS.: R-1015 & R-1016)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 371c

CFR Citation: 12 CFR 250

Legal Deadline: None

Abstract: In June 1998, the Board issued for public comment two proposed rules to exempt certain transactions from the restrictions of section 23A of the Federal Reserve Act (63 FR 32766, June 16, 1998). Section 23A restricts the ability of a member bank to fund its affiliates through direct investment, loans, or certain other transactions (covered transactions). These proposals are in response to concerns raised by organizations when the Board earlier proposed removal of certain firewalls between insured depository institutions and their section 20 securities affiliates. Several petitioners stated then that although the removal of the firewalls was welcomed, section 23A continued to limit certain transactions with their section 20 subsidiaries that do not raise significant safety and soundness issues and

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impeded the efficient operation of the insured depository institutions.

In Docket Number R-1015, the Board is proposing to expand the kind of assets that may be eligible for the (d)(6) exemption to include securities that, although not so widely traded as to warrant publication of their activity in publications of general circulation, are actively traded and whose price can be obtained from independent reliable sources, if the securities are purchased from a registered broker-dealer.

In Docket Number R-1016, the Board is proposing to grant two exemptions from section 23A for certain loans and extension of credit made by an insured depository institution to customers that use the proceeds to purchase certain securities from or through the depository institution's registered broker-dealer affiliate. The first exemption would apply when the affiliate is acting solely as a broker or riskless principal in the securities transaction. The second exemption would apply when the extension of credit is made pursuant to a pre-existing line of credit that was not established for the purposes of buying securities from or through an affiliate.

Following review of the public comments, the Board is expected to take further action within the next three months. It is not anticipated that the proposals will have a significant economic impact on a substantial number of small entities.

Timetable:

Action	Date	FR Cite
Board requested comment	06/16/98	63 FR 32766
Further Board action by	11/00/98	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Pamela Nardolilli, Senior Counsel, Federal Reserve System, Legal Division
Phone: 202 452-3289

RIN: 7100-AC52

4526. RULES REGARDING AVAILABILITY OF INFORMATION (DOCKET NUMBER: R-0917)

Priority: Substantive, Nonsignificant

Legal Authority: 5 USC 552; 12 USC 248(i); 12 USC 248(k); 12 USC 321 et seq; 12 USC 611 et seq; 12 USC 1442; 12 USC 1817(a)(2)(A); 12 USC 1817(a)(8); 12 USC 1818(u); 12 USC 1818(v); 12 USC 1821(o); 12 USC 1821(t); 12 USC 1830; 12 USC 1844; 12 USC 1951 et seq; ...

CFR Citation: 12 CFR 261

Legal Deadline: None

Abstract: In February 1996, the Board issued for public comment proposed amendments to its Rules Regarding Availability of Information (61 FR 7436, February 28, 1996). The proposed amendments, although primarily technical in nature, are intended to improve the Board's efficiency in processing requests for the disclosure

of publicly available information as well as confidential supervisory information. It is not anticipated that the proposed amendments will have a significant economic impact on a substantial number of small entities subject to the regulation.

In light of the passage of time since the Board's February 1996 proposal was issued for public comment, the Board will make changes in that proposal based on the comments received and will reissue revised proposed amendments for further comment. The February 1996 proposal deals primarily with the discretionary authority of the Board's General Counsel to produce information. These amendments are part of the Board's overall review of its regulations as required by section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. Further Board action on the remainder of the regulation is expected by year-end.

Timetable:

Action	Date	FR Cite
Board requested comment	02/28/96	61 FR 7436
Further Board action by	12/00/98	

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Karen Appelbaum, Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3389

RIN: 7100-AC22

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4527. REGULATION: B—EQUAL CREDIT OPPORTUNITY (DOCKET NUMBER: R-0978)

Priority: Substantive, Nonsignificant

Legal Authority: 15 USC 1691

CFR Citation: 12 CFR 202

Legal Deadline: None

Abstract: Regulation B requires creditors to provide a consumer with a notice of action taken if an application for credit is denied, an account is terminated, or the terms of an account are unfavorably changed. The Fair Credit Reporting Act (FCRA)

requires creditors that take adverse action against a consumer, such as denying an application for credit, to provide the consumer with certain disclosures if the action is based on a credit report provided by a consumer reporting agency or information obtained from a third party. Creditors have the option of including the FCRA disclosures with the notice of action taken required under Regulation B; appendix C to Regulation B provides model forms that combine the current FCRA and Equal Credit Opportunity Act disclosures.

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 made extensive changes to the FCRA, including a requirement that additional disclosures be given to consumers who are denied credit. In July 1997, the Board requested public comment on proposed changes to the FCRA portion of Regulation B's model forms C-1 through C-5 and to the general instructions for these forms (62 FR 37166, July 11, 1997). In April 1998, following review of the public comments, the Board adopted final amended model forms to ease compliance for creditors that choose to

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use the forms (63 FR 16392, April 3, 1998). The Board deferred final action on which disclosures should be provided when adverse action is based on information in a consumer report obtained from an affiliate. The Board determined that this issue merits further consideration and would be more appropriately addressed in an interpretation of the FCRA, likely issued jointly with the Federal Trade Commission. The proposals are not expected to have a significant economic impact on small entities.

Timetable:

Action	Date	FR Cite
Board requested comment	07/11/97	62 FR 37166
Board took final action	04/03/98	63 FR 16392

Regulatory Flexibility Analysis

Required: No

Government Levels Affected: None

Agency Contact: Jane Gell, Senior Attorney, Federal Reserve System, Division of Consumer and Community Affairs

Phone: 202 452-3667

RIN: 7100-AC35

4528. REGULATION: D—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (DOCKET NUMBER: R-0988)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 461

CFR Citation: 12 CFR 4

Legal Deadline: None

Abstract: In November 1997, the Board approved issuing for public comment a proposal to move from the current system of contemporaneous reserve maintenance for institutions that are weekly reporters to a system under which reserves are maintained on a lagged basis by such institutions (62 FR 60671, November 12, 1997). Under a lagged maintenance system, the reserve maintenance period for a weekly reporter will begin 30 days after the beginning of a reserve computation period. Under the current system, the reserve maintenance period begins two days after the beginning of the computation period. The Board is considering this action to improve the ability of the Federal Reserve to estimate accurately the need for reserves on a timely basis to ensure greater effectiveness of the Federal Reserve's open market operations.

The proposal will affect only those institutions that are weekly deposit reporters, which generally include depository institutions that have total deposits of \$75 million or greater as these are the only institutions currently required to maintain contemporaneous reserves on a contemporaneous basis. For those institutions that are weekly reporters, the proposed amendments generally would simplify compliance with reserve requirements for these institutions.

In March 1998, following review of the public comments, the Board adopted the amendments substantially as proposed (63 FR 15069, March 30, 1998). The proposal is not expected to have a significant economic impact on small institutions.

Timetable:

Action	Date	FR Cite
Board requested comment	11/12/97	62 FR 60671
Board adopted proposal	03/30/98	63 FR 15069

Regulatory Flexibility Analysis

Required: No

Small Entities Affected: Businesses

Government Levels Affected: None

Agency Contact: Oliver Ireland, Associate General Counsel, Federal Reserve System, Legal Division

Phone: 202 452-3625

RIN: 7100-AC48

4529. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (DOCKET NUMBER: R-0964)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 24; 12 USC 36; 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; 12 USC 1818; 12 USC 1820(d)(9); 12 USC 1823(j); 12 USC 1828(o); 12 USC 1831(o); ...

CFR Citation: 12 CFR 208

Legal Deadline: None

Abstract: In March 1997, the Board issued for public comment proposed amendments to subpart A of Regulation H regarding the general provisions for membership in the Federal Reserve System and subpart E, Interpretations of Regulation H (62 FR 15272, March 31, 1997). The proposed amendments reduce regulatory burden and simplify

and update requirements of Regulation H.

The amended subpart A of Regulation H will, when fully effective, replace the existing subpart A in its entirety; it will also eliminate several obsolete interpretations. Also, as part of the revisions, the Board is rescinding Regulation P Security Procedures, and incorporating its provisions into Regulation H (Docket Number R-0965). The proposal to modernize subpart A of Regulation H is in accordance with the Board's review of regulations under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. Consistent with the objectives of the Regulatory Flexibility Act, it is expected that the proposed changes will reduce the time and costs associated with complying with Regulation H, thereby improving the ability of small banks to conduct business on a more cost-efficient basis.

In June 1998, following review of the public comments, the Board adopted the proposals substantially as proposed (63 FR 37630, July 13, 1998).

Timetable:

Action	Date	FR Cite
Board requested comment on Regulations H and P	03/31/97	62 FR 15272
Board adopted proposals	07/13/98	63 FR 37630

Regulatory Flexibility Analysis

Required: Yes

Small Entities Affected: Businesses

Government Levels Affected: None

Agency Contact: Jean Anderson, Staff Attorney, Federal Reserve System, Legal Division

Phone: 202 452-3707

RIN: 7100-AC37

4530. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 1831m

CFR Citation: 12 CFR 208; 12 CFR 225

Legal Deadline:

Final, Statutory, January 3, 1993.

Abstract: During 1992, the Board's staff consulted with the other Federal

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banking agencies regarding the implementation of section 112, the bank auditing requirements, of the Federal Deposit Insurance Corporation Improvement Act of 1991. The section includes requirements for insured commercial banks to receive audits of their annual reports by independent public accountants requirements for banks and their auditors to report certain information to the Board, and requirements for independent audit committees for banks. In some cases, these requirements can be satisfied by comparable arrangements at the bank holding company level. The Act generally exempts insured depository institutions from these requirements when their total assets are less than \$150 million, unless a higher threshold is chosen by the Federal Deposit Insurance Corporation (FDIC).

The FDIC, the agency with primary responsibility for implementing this mandate through regulations, finalized its regulation in May 1993, which applied to all FDIC-insured banks and thrifts. The FDIC's regulation applied these requirements to depository institutions with total assets of \$500 million or more. Subsequently in February 1996, the FDIC approved amendments to its rules implementing section 112 that were largely required by the Riegle Community Development and Regulatory Improvement Act of 1994. These amendments expand opportunities for holding companies to file a single report covering multiple subsidiary banking organizations, conform the rule's references to the Federal Reserve's Regulation O, and make other technical revisions.

The Board has joint rulemaking authority with the other banking agencies regarding the enforcement provisions of section 112. The Board and the other agencies will issue a notice of proposed rulemaking for public comment when interagency agreement is reached. Further action is not expected within the next six months.

Timetable:

Action	Date	FR Cite
Action is not expected within the - next six months	08/21/98	

Regulatory Flexibility Analysis

Required: No

Government Levels Affected: None

Agency Contact: Richard A. Small, Assistant Director, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-5235

RIN: 7100-AB39

4531. REGULATION: H—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM; AND REGULATION: Y—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (DOCKET NUMBER: R-0976)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 24; 12 USC 36; 12 USC 92(a); 12 USC 93(a); 12 USC 248(a); 12 USC 248(c); 12 USC 321 to 338a; 12 USC 371d; 12 USC 461; 12 USC 481 to 486; 12 USC 601; 12 USC 611; 12 USC 1814; 12 USC 1816; 12 USC 1818; ...

CFR Citation: 12 CFR 208; 12 CFR 225

Legal Deadline: None

Abstract: In July 1997, the Board approved issuing for public comment a proposal to revise the risk-based and Tier 1 leverage capital adequacy guidelines for State member banks and bank holding companies to address the treatment of servicing assets on both mortgage assets and financial assets other than mortgages (non-mortgages) (62 FR 42006, August 4, 1997). The proposed rule was developed in response to a recent Financial Accounting Standards Board accounting standard that affects servicing assets; that is, Statement of Financial Accounting Standards No. 125, "Accounting For Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" issued in June 1996. Under this proposed rule, the limitation on the amount of mortgage servicing assets (and purchased credit card relationships) that can be recognized as a percent of Tier 1 capital would be increased from 50 to 100 percent. Also, all non-mortgage servicing assets would be fully deducted from Tier 1 capital. This proposal is a joint proposal of the Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

It is not anticipated that the proposal will have a significant economic impact on a substantial number of small entities subject to the Board's

regulation. In August 1998, following review of the public comments, the Board adopted the proposal with the following changes: (1) all interest-only strips receivable will be included in Tier 1 capital on an unlimited basis; (2) non-mortgage servicing assets will be subject to the same 100 percent of Tier 1 capital limitation as mortgage servicing assets and purchased credit card relationships (PCCRs); (3) non-mortgage servicing assets will be also subject to a further sublimit of 25 percent of Tier 1 capital, the same sublimit as PCCRs; and (4) the 90 percent of fair value limitation, which is currently applied to mortgage servicing assets and PCCRs, will be extended to non-mortgage servicing assets (63 FR 42667, August 10, 1998).

Timetable:

Action	Date	FR Cite
Board requested comment	08/04/97	62 FR 42006
Board adopted proposal	08/10/98	63 FR 42667

Regulatory Flexibility Analysis Required: No

Government Levels Affected: None

Agency Contact: Arleen Lustig, Supervisory Financial Analyst, Federal Reserve System, Division of Banking Supervision and Regulation
Phone: 202 452-2987

RIN: 7100-AC38

4532. REGULATION: I—ISSUE AND CANCELLATION OF CAPITAL STOCK OF FEDERAL RESERVE BANKS (DOCKET NUMBER: R-0966)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 222; 12 USC 282; 12 USC 286 to 288; 12 USC 321; 12 USC 323; 12 USC 327 to 328; 12 USC 333

CFR Citation: 12 CFR 209

Legal Deadline: None

Abstract: In March 1997, the Board issued for public comment proposed amendments to Regulation I to reduce regulatory burden and simplify and update the regulation (62 FR 15297, March 31, 1997). The proposals are a part of the Board's overall review of its regulations under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994. In general, the amendments condense the regulation and reflect the

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replacement of share certificates by a book-entry system. The proposal also codifies Board and staff interpretations. Finally, the amendments delete references to specific obsolete forms or forms which no longer have the same identification numbers.

The proposal would apply to all Federal Reserve Banks and member banks regardless of size and, as consistent with the objectives of the Regulatory Flexibility Act, would be burden-reducing. Therefore, the proposal would not have a significant adverse economic impact on a substantial number of small entities. In July 1998, following review of the public comments, the Board adopted the revisions substantially as proposed (63 FR 37659, July 13, 1998).

Timetable:

Action	Date	FR Cite
Board requested comment	03/31/97	62 FR 15297
Board adopted proposal	07/13/98	63 FR 37659

Regulatory Flexibility Analysis

Required: No

Government Levels Affected: None

Agency Contact: Rick Heyke, Staff Attorney, Federal Reserve System, Legal Division
Phone: 202 452-3688

RIN: 7100-AC40

4533. REGULATION: DD—TRUTH IN SAVINGS (DOCKET NUMBERS: R-0836 AND R-0869)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 4301 et seq

CFR Citation: 12 CFR 230

Legal Deadline: None

Abstract: Sections 261 to 275 of the Federal Deposit Insurance Corporation Improvement Act of 1991 require depository institutions to provide a schedule of terms, rates, and fees for deposit accounts offered by the institution. The law also sets forth rules for advertisements for deposit accounts.

In January 1995, the Board issued for public comment proposed amendments to Regulation DD that would produce an annual percentage yield (APY) that reflects the timing of interest payments

as well as the timing of compounding. The proposal also solicits comment on an alternative method of calculating the APY (an internal rate of return formula) (60 FR 5142, January 26, 1995). The January 1995 proposal is an outgrowth of a May 1994 proposal that would have affected institutions' compounding and crediting practices in addition to changing the APY (59 FR 24378 May 11, 1994). The Board also adopted in January 1995 an interim rule that permits institutions and deposit brokers advertising noncompounding multiyear time accounts that require interest payouts at least annually to disclose an APY equal to the interest rate (60 FR 5128, January 26, 1995; Docket Number R-0836). Public comment on the approach was solicited in a July 1994 notice extending the comment period for the May 1994 proposal (59 FR 35271, July 11, 1994). In July 1998, following review of the public comments, the Board amended Regulation DD to make the interim rule final (63 FR 40635, July 30, 1998).

The amendments, which provide institutions an alternative method for calculating and disclosing the annual percentage yield for certain time accounts, are not likely to have a significant impact on institutions' costs, including the costs to small institutions.

Timetable:

Action	Date	FR Cite
Board requested comment	05/11/94	59 FR 24378
Board extended comment period	07/11/94	59 FR 35271
Board adopted an interim rule	01/26/95	60 FR 5128
Board requested further comment	01/26/95	60 FR 5142
Board adopted interim rule in final	07/30/98	63 FR 40635

Regulatory Flexibility Analysis

Required: Yes

Small Entities Affected: Businesses

Government Levels Affected: None

Agency Contact: Obrea O. Poindexter, Staff Attorney, Federal Reserve System, Division of Consumer and Community Affairs
Phone: 202 452-2412

RIN: 7100-AB80

4534. POLICY STATEMENT ON PRIVATELY OPERATED MULTILATERAL SETTLEMENT SYSTEMS (DOCKET NUMBER: R-0987)

Priority: Substantive, Nonsignificant

Legal Authority: 12 USC 221 et seq

CFR Citation: None

Legal Deadline: None

Abstract: In November 1997, the Board requested comment on a proposed policy statement on privately operated multilateral settlement systems to integrate current policy statements and new provisions (62 FR 60713, November 12, 1997). The policy would require privately operated multilateral settlement systems for U.S. dollar payments to address material credit, liquidity operational, legal, and systemic risks, thereby enhancing the safety and soundness of the payments system. In June 1998, following review of the public comments, the Board adopted a revised version of its proposed policy (63 FR 34888, June 26, 1998). The policy largely retains the risk criteria of the proposal but applies only to large systems that settle payments with an aggregate gross value of more than \$5 billion on any day.

The policy is designed to minimize regulatory burden on small arrangements that do not raise material risks and will not have a significant economic impact on a substantial number of small entities.

Timetable:

Action	Date	FR Cite
Board requested comment	11/12/97	62 FR 60713
Board adopted policy	06/26/98	63 FR 34888

Regulatory Flexibility Analysis

Required: No

Government Levels Affected: None

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